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18 December 1969

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam
During November 1969

Introduction

The pace of reconstruction of fixed military facilities and industrial plants and other economic developments in North Vietnam provide an indication of the regime's current policies towards support for the war in the South. This monthly report summarizes significant developments in economic and military reconstruction that might be relevant to an analysis of change in the North Vietnamese position.

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Military Reconstruction

1. The new Quan Lang airfield may be supporting aircraft in the near future. [REDACTED] revealed construction of a two-mile bypass road that will divert traffic on Route 7 to the south of the airfield, thus eliminating a potential hazard to air traffic. Construction on the airfield, which is located 16 miles from the Laotian border, has continued at a steady pace, but the projected activation date is unknown.

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Industry

3. Although North Vietnam's overall industrial capacity showed virtually no change during November, a recently announced reorganization

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of various economic ministries tends to confirm our estimate of last month that the country's economic reconstruction programs probably would be stepped-up in the coming year. Under the new organization, the Ministry of Heavy Industry is to be replaced by newly formed Ministries of Power and Coal and of Mechanical Engineering and Metallurgy, and a new Department of Chemicals. In addition, Ministries for Food and Foodstuffs and for Materials were created and also an Auditing Committee of the Government. The last mentioned is directly subordinate to the Council of Ministers and may function in the capacity of a Comptroller General. The recent reorganization follows the pattern of similar moves in 1958 and 1960, in which the Ministry of Industry and Trade was first separated into Ministries of Industry and Trade, and subsequently the Ministry of Industry was divided into the Ministries of Heavy Industry and of Light Industry. In each case, these reorganizations reflected both a continued growth and changing emphases in North Vietnam's industrial development. The increased numbers of ministries and the specialization of activities evolving from the current reorganization may portend a more concerted effort on industrial reconstruction and expansion than has heretofore been the case.

4. No increase in operational capacity was noted in the electric power sector during the month, despite continued minor repair work at several facilities. Activity at the large Thac Ba hydroelectric power-plant continued to be negligible despite the apparent Soviet and North Vietnamese attempts in previous months to get things moving. The 115-mw

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project for some time has been less than 50 percent completed.

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Agriculture

5. Agricultural developments during November continued to focus upon the regime's concern over domestic food production. [REDACTED]

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cultivation has spread from the mountainous areas of the country to the more fertile Delta region; the number of hectares under production increased from 30,000 in 1966 to 100,000 in 1969. Although spring rice still plays a minor role in the total fifth-month rice production, a higher yield would give North Vietnam the potential to increase significantly

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agricultural output in the coming years. In addition, the shorter growing season of the spring rice would allow a concentration of manpower in harvesting the tenth-month crop in October and November. Problems involving improved technology in growing methods and the need for greater amounts of fertilizer and irrigation, however, need to be solved before North Vietnam can make significant strides in increasing its domestic food production.

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10. November saw the virtual disappearance of ship congestion at Haiphong, [REDACTED]

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[REDACTED] A portal crane imported in September was observed under assembly at the new wharf area and will probably be ready for operation in early 1970. This will be the first permanent dockside port crane in service at Haiphong, and its use would permit an increase in the discharge rate. The average number of dry cargo ships in port per day declined to 11, the lowest for any month since

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February 1967. Average layover times for departing dry cargo ships fell to 16 days, the lowest in over 18 months.

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12. A North Vietnamese economic delegation led by Vice-Premier Le Thanh Nghi has completed its annual tour of Communist countries to secure agreements for economic and military aid for the coming year. Negotiations were finalized with all the Communist countries except Yugoslavia. Although few details on the aid agreements have been released, relevant announcements suggest that an increasing share of economic aid will be in the form of credits rather than grants.

Conclusions

13. There was little important reconstruction of military facilities noted in North Vietnam during November. Construction of a road bypass on Route 7 around the new Quan Lang airfield suggests that the airfield may be made operational in the near future.

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14. No significant improvements in output or progress in reconstruction were noted elsewhere in the economy. A reorganization of various economic ministries probably reflects the regime's decision to increase domestic output, and is another indication that the pace of reconstruction may be stepped-up next year. A program calling for the increased cultivation of a high-yielding strain of spring rice could improve significantly North Vietnam's future output of domestic rice, provided that the needed fertilizer and irrigation can be made available and new techniques are adopted by the peasants.

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